

Metro Denver Vacancy & Rent Report

EXECUTIVE SUMMARY • 4TH QUARTER 2011



Vacancy Rate

5.4%

Last Quarter: 4.9%

↑

Average Rent

\$932.24

Last Quarter: \$936.46

↓

Average per sq. ft.

\$1.09

Last Quarter: \$1.09

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Discount / Concessions

8.8%

Last Quarter: 10.4%

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Economic Vacancy

14.3%

Last Quarter: 15.3%

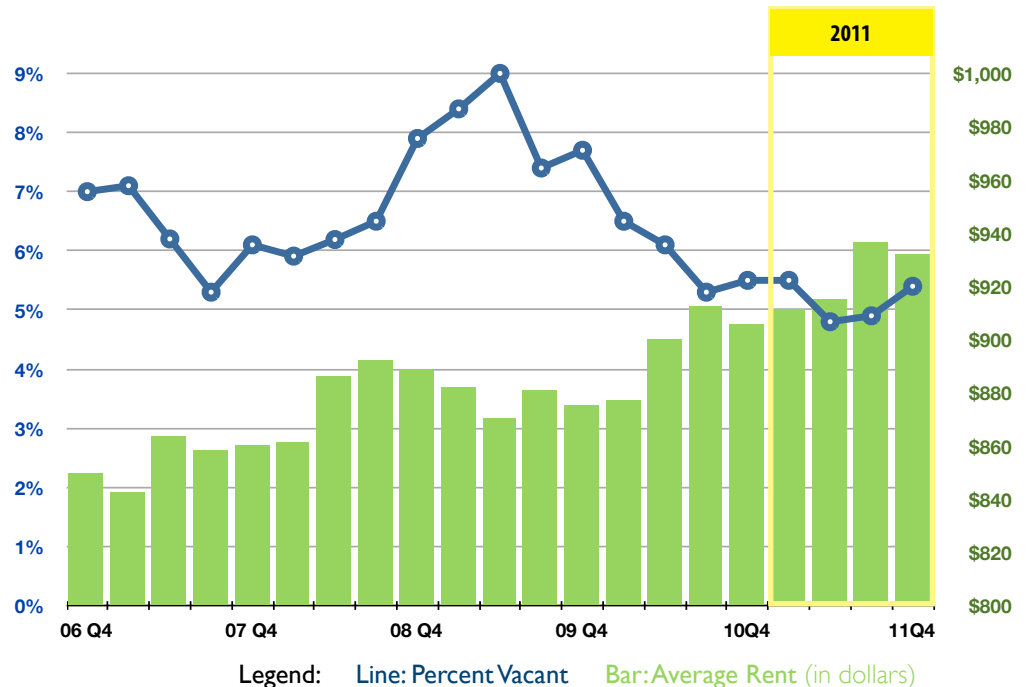
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Net Absorption (Units)

-1449

Last Quarter: +247

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County Overview

	Vacancy Rate	Average Rent	Rate (/sq. ft.)
Adams	5.3%	\$935.46	\$1.11
Arapahoe	5.6%	\$892.61	\$1.03
Boulder/Broomfield	4.7%	\$1,031.18	\$1.19
Denver	4.3%	\$950.14	\$1.16
Douglas	3.8%	\$1,120.37	\$1.16
Jefferson	4.4%	\$888.02	\$1.05

Hottest Submarkets

Littleton

2.9%

Denver - West Central

0.7%

Arapahoe County - South

3.0%

Littleton

2.9%

Denver - West Central

0.7%

VACANCY: 5.4%

Last Quarter: 4.9 %
 This quarter 2010: 5.5%
 This quarter 2009: 7.7 %

- Three counties up slightly, one down slightly, and two remained the same with their vacancy rate.
- Twenty four market areas showed an increase, while eleven showed a decrease, and one remained the same.
- Buildings with "350 and up" units had the highest vacancy rate at 6.5 %. Buildings with "Up to 8" units had the lowest vacancy rate of 1.5 %. Historically, larger buildings have the highest vacancy rates.
- Buildings constructed since 2005 had the highest vacancies at 7.8 %. Those constructed between 1950 and 1959 had the lowest vacancy rate at 1.3 %.
- Efficiencies had 3.5 % vacant; one-bedrooms 4.9 % vacant; two-bedroom one bath 6.5%; two-bedroom, two bath 5.9 % vacant; and three bedroom 6.0 % vacant.

RENTAL RATES:

- | | | |
|---|--|---|
| • Average rent: \$ 932.24 | • Median rent: \$ 872.56 | • Rent / square foot: \$ 1.09 |
| • Last quarter: \$ 936.46 | • Last quarter: \$ 881.67 | • Last quarter: \$ 1.09 |
| • This quarter 2010: \$ 908.77 | • This quarter 2010: \$ 846.36 | • This quarter 2010: \$ 1.07 |
| • This quarter 2009: \$ 875.39 | • This quarter 2009: \$ 811.32 | • This quarter 2009: \$ 1.02 |

Average Rent for Units Constructed...

- 2005-2011: \$1,254.01
- 2000-2004: \$1,099.49
- 1990-1999 \$1,096.80
- 1980-1989 \$ 847.68
- 1970-1979 \$ 728.26
- 1960-1969 \$ 768.79
- 1959 and prior \$ 759.38

Rents do not include the cost of rental discounts and concessions. For the fourth quarter of 2011, rental discounts and concessions averaged 8.8 percent, down from 10.4 percent for the prior quarter.

ECONOMIC VACANCY: 14.3 %

Last Quarter: 15.3 %
 This Quarter 2010: 15.4 %
 This Quarter 2009: 16.4 %

Economic vacancy is defined as physical vacancy plus concessions and discounts as a percent of gross potential rent.

NEW UNITS ADDED: 292 TOTAL UNITS: 290,824

For the fourth quarter of 2011, there was a net negative absorption of -1449 units for the metropolitan Denver area. For the all of 2011, 1,556 units were absorbed. For all of 2010, the total positive absorption was 6,827 units. Absorption is the net change in the number of apartment units rented in the current time period (quarter/year) compared to the previous time period (quarter/year).

OVERALL COMMENTS

Given the limited number of new additions to the inventory in the last two years, and especially during the last year, an increase in the Denver metro unemployment rate, normal seasonal vacancy increases, continued immigration, increase in metro area natural population, the increase in the vacancy rate this quarter was expected. Historically there is an upward movement in the vacancy rate during the fourth quarter of the year. The number of new units to be added to the inventory during 2012 will increase, compared to the number of additions the past several years ago. The overall average rent for the last seven years has increased from around \$800.00 in 2002 to over \$932.24 this quarter.

The Denver Area Apartment Vacancy and Rent Survey reports median and average rates, and, as a result, there are often differences in rental rates and vacancy rates by apartment type, size, location, and age of building/complex. These variances are more pronounced as the vacancy rate has fluctuated during the last several years. All information is based on data received for the month of September, except for resident turnover and rental losses, which is for August.

This survey is conducted via mail and online submissions. It includes only those units with a certificate of occupancy. The fourth quarter 2011 Survey includes information on 108,183 apartment units. The Survey is possible because of the excellent participation and help of professionals in the apartment industry and the consistent support of the Survey sponsors. Comments on the Survey are welcome at VonStrohHousingSurvey@gmail.com